

CHARLIE ELPHICKE MP



HOUSE OF COMMONS

LONDON SW1A 0AA

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Friday 23 August 2013

Dear Lin

Labour Party Properties Ltd

The level of tax avoidance by multinational enterprises and big businesses is of deep concern to me. Having reviewed the Labour Party Properties Ltd accounts a number of issues have arisen which I believe HMRC should investigate. These issues are as follows:

- Between 2004 and 2011 Labour Party Properties Ltd earned rental revenues of £8.7m but appears to have paid no corporation tax, after recording a series of losses. For example, in 2011, the company recorded a £256k loss on £1.189m earnings. In 2010 there was a £4k loss on £1.16m of earnings. In the years where there was a profit - 2009 and 2006 - there was no corporation tax paid because of losses carried forward.

- Accounts show Labour Party Properties Ltd had administration costs of £305k last year. This included of £2k of auditors' costs, £70k on interest from a Labour Party loan, £100k of legal and professional charges, an "administration charge" of £36k to the Labour Party and staffing costs of £37k. These costs seem very high for such a business and unusual for a property company of this size. The administration costs were why no tax had to be paid. In view of this has HMRC verified that the costs are appropriate and justifiable?

- These cost appear to be separate from £1.14m of 'property expenses' in 2011 which included £1.04m in 'rents, rates and other costs'. This is on top of the £97k in property maintenance and

Member of Parliament for Dover & Deal



repairs, which the Labour Party has said is the reason the company is not profitable. In 2010 the property maintenance and repairs bill was only £9k on my reading.

I understand that the normal procedure is for companies to file their accounts on trust, after auditing. However I believe HMRC have power to make enquiries and investigate where expenses are claimed that throw up anomalies. Can you therefore let me know whether HMRC has undertaken an investigation and, if not, whether it now will to ensure that this company has paid its fair share of taxes.

Best wishes

Charlie Elphicke